



GoodJobs

For Michigan

FOR IMMEDIATE RELEASE:

Thursday, March 16

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Diverse coalition of business, community and labor leaders urges support of legislation to ensure Michigan can attract good-paying jobs

Proposed incentive program tailored to create a critical job attraction tool for large-scale projects in communities across state

LANSING, Mich. – Michigan must have a more competitive tool to grow more good-paying jobs statewide and not be left on the sidelines behind other states, said numerous economic development experts and other leaders from across the Great Lakes State today. They also emphasized the need for Michigan to take advantage of what is expected to be a surge of new investment in the United States, including repatriated jobs, over the next few years.

At a roundtable discussion in Lansing, members of the [Good Jobs for Michigan Coalition](#) urged support for SBs 242, 243 and 244, legislation that would use transparent incentives to fill critical gaps in Michigan's business attraction toolkit and enable the state to secure large-scale projects that create hundreds of new good-paying jobs.

"Michigan has made great strides in turning our economy around, but there is more that can and must be done. The headlines have been loud and clear from across the country – as has the feedback from our local economic developers and national site selectors. Michigan can't afford to sit on the sidelines and let other states lure businesses away that should be coming here," said **State Sen. Jim Stamas**. "The Good Jobs for Michigan legislation being re-introduced this week will ensure Michigan can compete – and win – large projects with good-paying jobs in communities statewide, from Midland to Marquette and Montmorency County to Monroe."

Michigan needs to be ready

For **State Sen. Ken Horn**, chair of the Senate Economic Development and International Investment Committee, the timing and need for the legislation is critical as the national climate heats up with more companies looking to bring jobs back to the United States. "These bills are essential to Michigan's ability to compete nationally, especially as the competition for this increased investment between states escalates. They put Michigan, our economy and communities, and Michiganders first. We'll be able to grow more good-paying jobs for our workers and families."

Horn also noted that they are a natural complement – and essential counterpart – to the recently passed Michigan Thrive Initiative of brownfield redevelopment. "One is designed to revitalize long-struggling sites and create attractive places for investment, the other helps fill the buildings the brownfield legislation creates with good-paying jobs."

Ensuring Michigan is "on the list"

"When companies are evaluating locations, if all other factors – including the state's business and

regulatory climate, workforce talent pool and infrastructure are equal, incentives can absolutely impact the location decision of the project,” said **site selection expert Dan Foster, senior managing director of Newmark Grubb Knight Frank Global Corporate Services**. “Too often, Michigan is knocked off the list for large-scale projects even though the state has everything else needed for a successful business. This is not a partisan issue, it’s a jobs issues. The national and global competition for jobs and capital investment is fierce. If Michigan is serious about winning these jobs, it needs a strong incentive package.”

For **Whirlpool Corporate Vice President D. Jeffrey Noel**, this race for jobs is real. Over the last 100+ years, his Michigan-based company has grown from humble beginnings to become the world’s largest and most innovative home appliance company, with its company headquarters still operating out of Benton Harbor Township.

“Whirlpool is proud to be headquartered in Michigan with over 4,000 employees. We’re committed to the state and our heritage here,” said Noel. “Our ability to attract and retain world class talent is made challenging if trailing partners do not find the kinds of employment options they seek or if they are asked to live in a community that is not growing. Michigan needs competitive incentives to attract and grow solid paying jobs, and from our experience doing business in virtually every state, we simply do not have a winning set of tools to attract the kinds of jobs that enable growth and support Michigan employer's like us.”

Data shows that many competing states, including neighboring states like Indiana and Ohio and southern states like Kentucky and South Carolina, are outspending and outcompeting Michigan up to 7 to 1.

Bolstering communities statewide

The Good Jobs for Michigan legislation is supported by local economic developers working throughout the state.

“As an organization whose role is to strengthen the economic vitality of the Saginaw area by recruiting businesses to locate here, I see and hear first-hand how difficult it is to lure these large-scale businesses to our region – a sentiment too often echoed from my counterparts throughout the state,” said **Saginaw Future President JoAnn Crary**. “Michigan needs to confront this harsh reality head on if we are going to continue the positive economic momentum. We must act swiftly, or Michigan will continue to lose major opportunities to grow good-paying jobs to places like Columbus, Indianapolis, Milwaukee and cities in the southern states.”

For municipalities, the legislation provides net revenue gain and offers a smart way to benefit communities in every corner of the state.

Sterling Heights City Manager Mark Vanderpool and board trustee for the Michigan Municipal League said the legislation’s provisions ensure that local communities will be full partners in projects and that added property tax and sales tax revenues as a result of new jobs and increased economic activity are important components: “A tailored incentive like this will generate positive statewide impact and help strengthen our schools, spur better infrastructure and advance safer and more vibrant communities. We urge the Legislature’s action.”

For the **Michigan Building and Construction Trades Council**, it's simple and comes down to a jobs issue. It's also why their labor organization representing 15 building trades unions with over 100,000 members statewide are so supportive. "This proposal is good for growing jobs for Michigan workers and good for growing wages, which both benefit our state's families and communities. It's time to get this done for Michigan's hard-working men and women and put our state on the path for a strong, successful future," said **Patrick "Pat" Devlin, the Council's secretary-treasurer**.

How it works; Transparency, accountability and built-in fiscal protections

The Good Jobs for Michigan legislation, slated to have its first hearing on Thursday, March 16, will create a transparent and performance-based tax incentive program that does not favor industry over the next, but instead, focuses on large-scale projects bringing 250 or 500-plus good paying jobs to our state.

Under the legislation, business expansions or new locations that create a minimum of 500 new jobs and pay 100 percent or more of the average regional wage would be eligible to capture up to half of the personal income tax (PIT) withholding of new employees for up to five years. Those creating 250 new jobs and paying 125 percent or more of the average regional wage would be eligible to capture up to 100 percent of the PIT withholdings for up to 10 years.

Other key provisions include:

- Companies will not receive the incentive until they meet the minimum job and wage thresholds required. Both jobs and wages will be verified every year until the incentive expires.
- A third-party analysis must demonstrate overall positive fiscal impact to the state.
- The business/project must receive a letter of support from the chief executive of the local unit of government where the project would expand or be located.
- The program/incentive details will be public information.
- A total 15 projects per year could be authorized with a cap of \$250 million for all projects at any one time.

Stamas noted how different this incentive is from the previous MEGA tax credits.

"This legislation was designed to have essential safeguards that protect the state, hardworking taxpayers and our communities," Stamas said. "It's simple. It's transparent. It's predictable. And it's performance based – businesses will not benefit unless jobs are created. Let's get this done and ensure Michigan can bring more good-paying jobs right here at home."

For more information about the Good Jobs for Michigan legislation and full list of coalition partners, visit www.GoodJobsForMichigan.com.

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About Good Jobs for Michigan

Good Jobs for Michigan is a coalition of more than 40 leading business and economic development, community and labor organizations all working together to ensure Michigan has the economic development and incentive tools needed to compete and attract large-scale projects, growing more good-paying jobs and investments in communities throughout the state.



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Our Growing List of Supporters

We are proud to share the growing list of supporters for Senate Bills 242-244, who represent businesses, economic development, communities and the hard-working men and women of Michigan.

At its core, the Good Jobs for Michigan legislation will provide the necessary tools to grow more good-paying jobs and our economy, all while creating stronger, healthier communities across the state.



Battle Creek Unlimited
Bonner Advisory Group
Building Owners and Managers
Association of Metro Detroit
Business Leaders for Michigan
Central Upper Peninsula Planning and
Development Regional Commission
City of Lansing
Cornerstone Alliance
Detroit Regional Chamber
Downtown Detroit Partnership
Flint & Genesee Chamber of Commerce
Grand Rapids Area Chamber of Commerce
Home Builders Association of Michigan
Invest Detroit
Jackson County Chamber of Commerce
Lakeshore Advantage
Lake Superior Community Partnership
Lansing Regional Chamber of Commerce
Lapeer Development Corporation
LEAP (Lansing Economic Area Partnership)
Livingston Business Development Associates

Michigan Building and Construction Trades Council
Michigan Business & Professional Association
Michigan Economic Developers Association
Michigan Food and Beverage Association
Michigan Infrastructure & Transportation Association
Michigan Manufacturers Association
Michigan Railroads Association
Michigan Realtors®
Michigan Trucking Association
Michigan West Coast Chamber of Commerce
Middle Michigan Development Corporation
Monroe County Business Development Corp.
Oakland County Michigan
Saginaw Future
Southwest Michigan First
SPARK
The Enterprise Group of Jackson, Inc.
The Right Place
Troy Chamber of Commerce
Upper Peninsula Collaborative Development Council
Upper Peninsula Economic Development Alliance
UPWARD Talent Council

List current as of March 15, 2017

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GOOD JOBS FOR MICHIGAN ACT – SENATE BILLS 242-244

HIGHLIGHTS & HOW IT WORKS

THE MECHANICS

The Good Jobs for Michigan legislation provides an incentive in the form of a return of state personal income taxes for companies that create 500 or 250 new jobs in Michigan.

- Business expansions or new locations that create at least 500 new full-time jobs and pay 100% or more of the average wage in the State of Michigan Prosperity Region would be eligible to capture up to 50% of the personal income tax withholdings of the new employees for up to five years; and
- Business expansions or new locations that create at least 250 new full-time jobs and pay 125% or more of the average wage in the State of Michigan Prosperity Region would be eligible to capture up to 100% of the personal income tax withholdings of the new employees for up to 10 years.
- Retail establishments, professional sports stadiums and casinos are not eligible.

PERFORMANCE BASED

- To qualify, a business must create the required jobs at the required wages within five years.
- The incentive doesn't start until the job and wage targets are reached and the targets must be maintained and verified each year for the duration of the incentive.
- If job or wage requirements are not met in a given year, the company does not receive the incentive for that year.

TRANSPARENT

- All businesses receiving the incentive agree to have their names and the value and duration of the incentive publicly disclosed.

PREDICTABLE

- There is a cap of 15 projects per year.
- There can be no more than \$250M in total incentives outstanding at any one time.
- The incentives do not favor one industry over another, and instead focus on large-scale projects that will benefit Michigan.

ENSURE STRONGER & HEALTHIER STATE, COMMUNITIES

This is not a cut to state revenue – the jobs would not be here without the incentive. While the state will forego some personal income tax revenue in the short-term, these revenues will accrue to the state over the long-term. In addition, the state, our local schools and communities will benefit from added property tax and sales tax revenues from increased economic activity. Expansion or location plans need:

- 1 A third party analysis showing that the project provides a net economic benefit for the state.
- 2 A letter of support from the chief executive of the local unit of government where the project will expand or relocate.
- 3 To stipulate that the company would not have created the jobs in Michigan if not for the incentive.

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GET THE FACTS

This is a jobs issue. Michigan needs a business attraction program that can compete with other states, like Indiana and Ohio, to bring more good-paying jobs to Michigan.

Under the Good Jobs for MI legislation, Senate Bills 242-244:

- Business expansions or new locations that create a minimum of 500 **NEW** jobs and pay wages at 100% or more of the regional average wage would be eligible to capture up to 50% of the personal income tax withholdings of the new employees for up to five years.
- Business expansions or new locations that create a minimum of 250 **NEW** jobs and pay wages at 125% or more of the regional average wage would be eligible to capture up to 100% of the personal income tax withholdings of the new employees for up to 10 years.
- There is a cap of 15 projects per year with a rolling cap of \$250M for all projects.

This is the marketplace. Most states across the nation – with Republican and Democratic Governors alike – view and use incentives as an essential tool for creating new jobs and revenue – and treat economic development as a non-partisan issue. This is true of Michigan's closest competitors like Indiana, Ohio and Wisconsin, as well as states in the South, including Georgia, South Carolina, Tennessee and Texas.

It's a net revenue gain. This is not a cut to the personal income tax – the jobs would not be here without the incentive. While the state will forego some personal income tax revenue in the short-term, these revenues will accrue to the state over the long-term. In addition, our local schools and communities will benefit from added property tax and sales tax revenues from increased economic activity.

It's performance based. The company will pay the personal income tax each year until it meets the minimum job threshold required. Disbursements will only be made for the years that the state verifies the employer has fulfilled the job goals required.

It's a simple program that's transparent and predictable. The program details will be public information and businesses will not benefit unless jobs are created.

We can – and must – do more.

Michigan has made great progress in the last five years to create a more competitive business environment.

- State debt has been reduced.
- Budgets have been responsible, timely and fiscally sound.
- The change from the Michigan Business Tax to a simple Corporate Income Tax made the state's business tax climate among the best in the country.

The result – Michigan has created more than 480,000 private sector jobs. However:

- Michigan is still about 300,000 jobs below peak employment before the Great Recession.¹
- While per capita income has grown faster here than in most states, our per capita personal income level still ranks only 33rd among all states.²

Many of the states we compete with have business climates as good as Michigan's **AND** have stronger economic development tools than we have.

- Michigan and Alaska are the only two states that have a corporate income tax and offer no tax credits.³
- Competing states, such as Georgia, Indiana, Kentucky, Ohio, South Carolina, Tennessee, Texas and Wisconsin offer up to seven times more incentives.⁴
- Michigan's current cash incentives program is competitive for small and medium-sized projects – averaging 133 jobs per project since January 2012⁵ – but has no programs for larger projects like nearly all other states do.

¹ Bureau of Labor Statistics

² Bureau of Economic Analysis

³ Tax Foundation, Oct. 2013 – Nevada, South Dakota and Wyoming have no corporate income tax.

⁴ The Michigan Economic Development Corporation
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Michigan Economic Growth Authority (MEGA)

Good Jobs for Michigan (SBs 242-244)

A business can receive an incentive just for keeping jobs in the state

YES, the MEGA program provided incentives for creating new jobs and retaining jobs in the state

NO, the business must create net **NEW** jobs

A business may not have to pay any taxes to the state

YES, the MEGA program included a refundable tax credit for up to 100% of the Single Business Tax (SBT)/Michigan Business Tax (MBT) in addition to a potential rebate of up to 100% of the Personal Income Tax (PIT) from the jobs created/retained

NO, the company in all cases must pay their full CIT.

The incentive requires using current General Fund dollars

YES, allowing awards for retention required taking from current revenues in the General Fund

NO, because the incentive is limited to net **NEW** jobs – not retention jobs – the state is not reducing current revenues

The total value of incentives is capped

NO, the MEGA program only capped the number of projects at 25 per year

YES, there is a cap of \$250 million on total incentives at any one time and only 15 projects per year

Businesses face additional penalties for providing false information

NO, awards would be revoked but no additional penalties were provided

YES, in addition to losing the incentive businesses are subject to a penalty equal to 10% of the value of the PIT withholdings received by the state

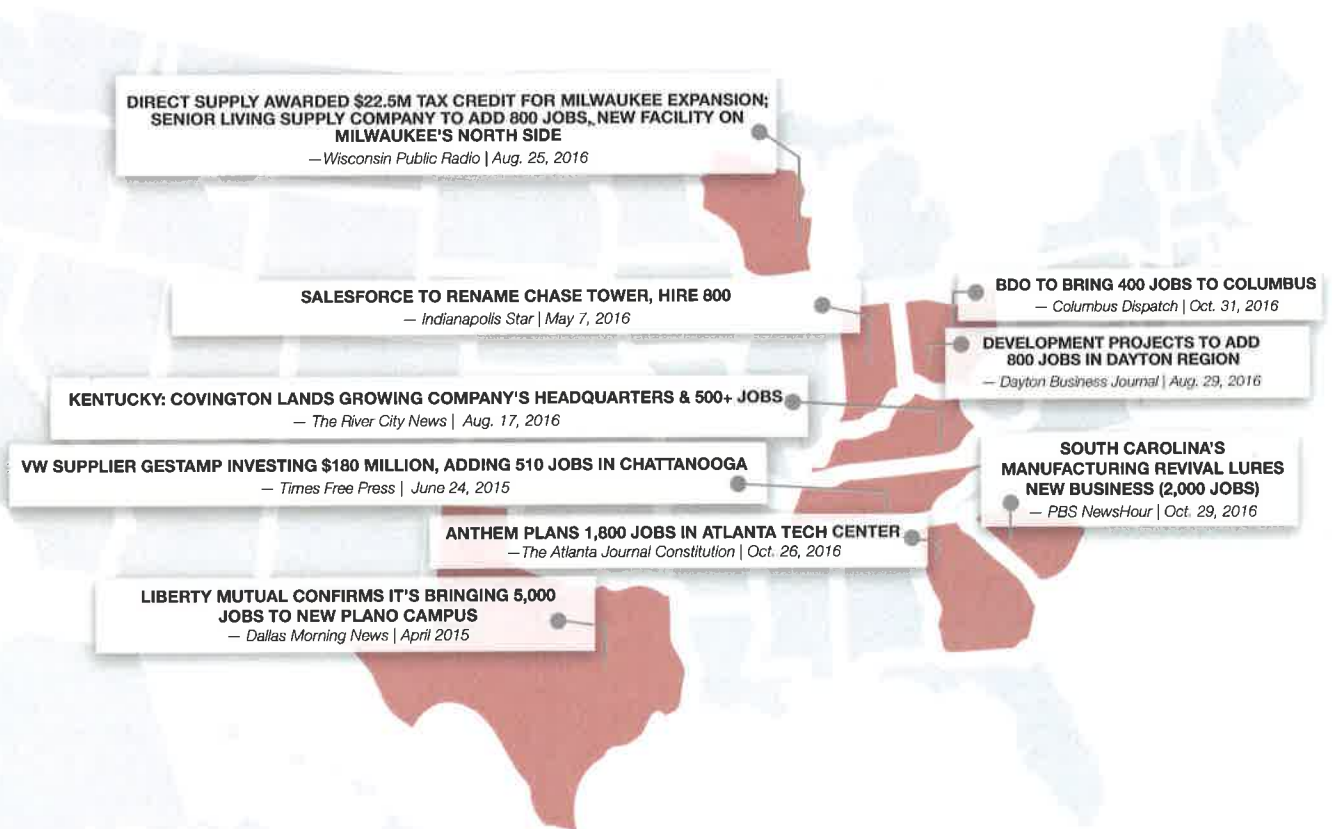


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This is a Jobs Issue.

We cannot afford to let other states lure businesses away that should be coming to Michigan. Help all Michigan communities attract and grow new jobs by supporting the Good Jobs for MI legislation, Senate Bills 242-244.



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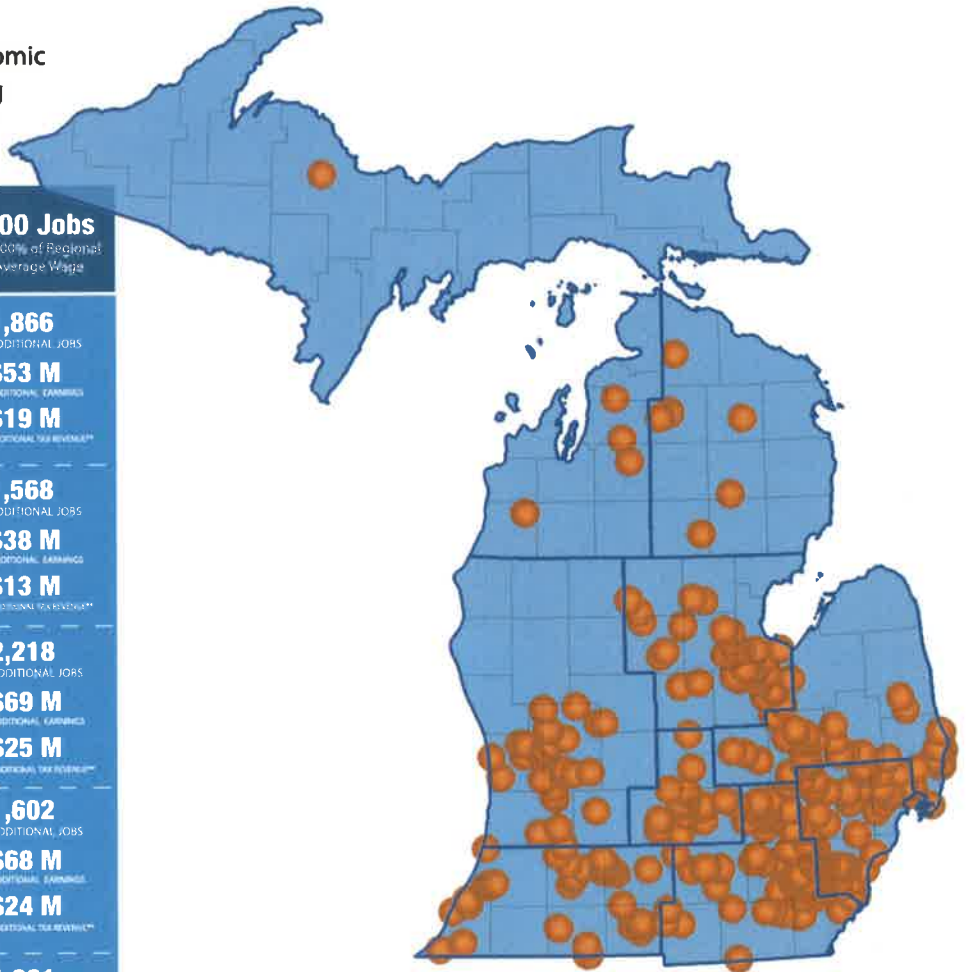
Positive economic impact statewide

When good-paying jobs locate to Michigan, our economy grows stronger, workers and families bolster their incomes, and our communities, schools and infrastructure all benefit.

This chart shows the estimated economic impact each new project bringing 250 or 500 jobs would generate.¹

	250 Jobs at 125% of Regional Average Wage	500 Jobs at 100% of Regional Average Wage
 Chemical Manufacturing	933 ADDITIONAL JOBS \$33 M ADDITIONAL EARNINGS \$20 M ADDITIONAL TAX REVENUE**	1,866 ADDITIONAL JOBS \$53 M ADDITIONAL EARNINGS \$19 M ADDITIONAL TAX REVENUE**
 Company Headquarters	784 ADDITIONAL JOBS \$24 M ADDITIONAL EARNINGS \$13 M ADDITIONAL TAX REVENUE**	1,568 ADDITIONAL JOBS \$38 M ADDITIONAL EARNINGS \$13 M ADDITIONAL TAX REVENUE**
 Motor Vehicle Manufacturing	1,109 ADDITIONAL JOBS \$43 M ADDITIONAL EARNINGS \$28 M ADDITIONAL TAX REVENUE**	2,218 ADDITIONAL JOBS \$69 M ADDITIONAL EARNINGS \$25 M ADDITIONAL TAX REVENUE**
 Agricultural Food Processing	400 ADDITIONAL JOBS \$43 M ADDITIONAL EARNINGS \$25 M ADDITIONAL TAX REVENUE**	1,602 ADDITIONAL JOBS \$68 M ADDITIONAL EARNINGS \$24 M ADDITIONAL TAX REVENUE**
 Data Processing	681 ADDITIONAL JOBS \$29 M ADDITIONAL EARNINGS \$16 M ADDITIONAL TAX REVENUE**	1,361 ADDITIONAL JOBS \$46 M ADDITIONAL EARNINGS \$16 M ADDITIONAL TAX REVENUE**
 Research & Development	480 ADDITIONAL JOBS \$29 M ADDITIONAL EARNINGS \$16 M ADDITIONAL TAX REVENUE**	1,920 ADDITIONAL JOBS \$46 M ADDITIONAL EARNINGS \$16 M ADDITIONAL TAX REVENUE**

* over 10 years ** over 5 years



Michigan has **327 sites** (50 acre parcel) across the state available now for large-scale Good Jobs for Michigan projects. Let's make sure we can attract and grow these jobs right here at home.

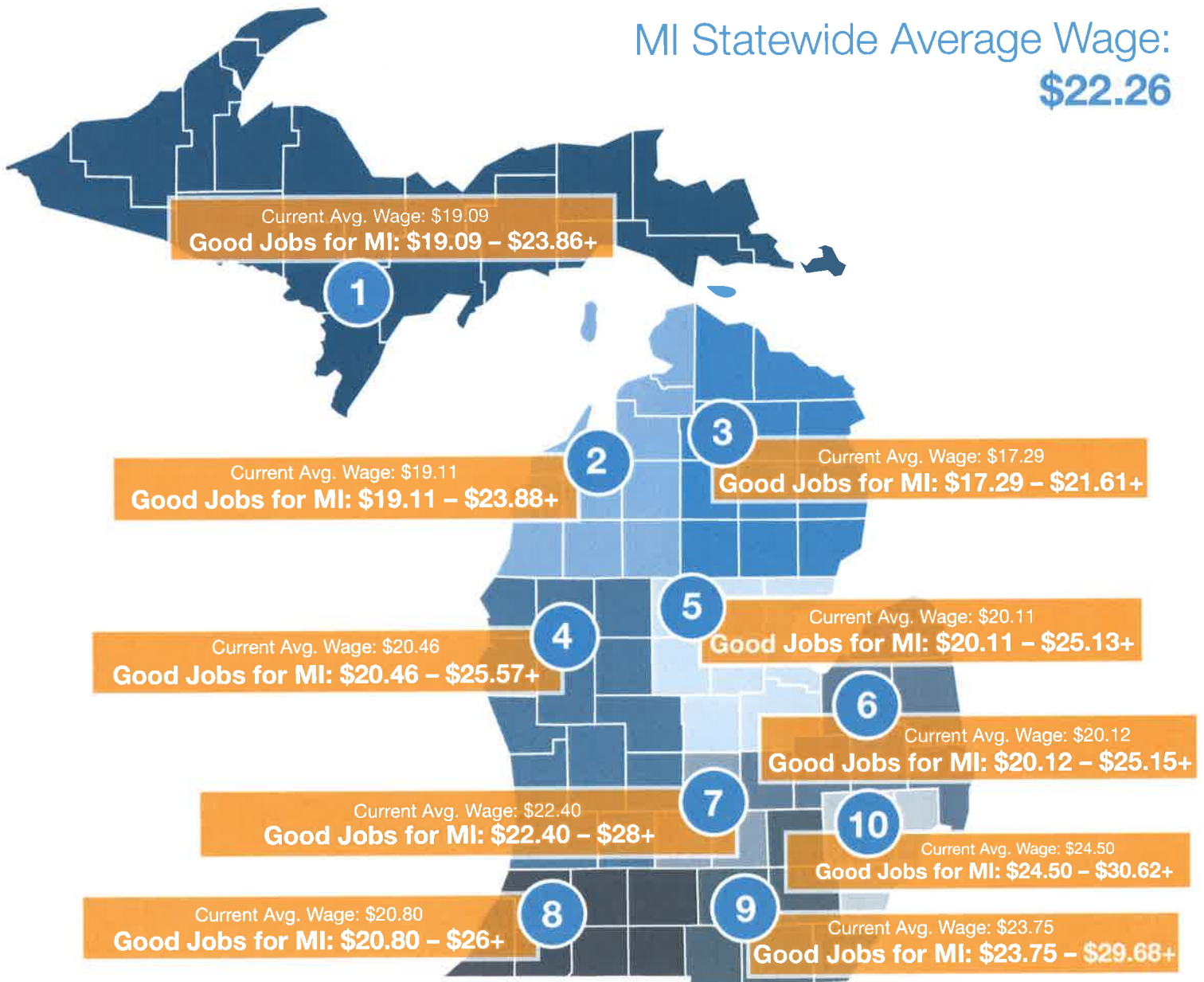
¹ Empowering Michigan: Tenth Annual Economic Impact Report of Michigan's University Research Corridor

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GROW JOBS. GROW WAGES.

While our per capita income has grown faster than in most states, it still ranks only 33rd overall.¹ The Good Jobs for Michigan proposal – Senate Bills 242-244 – will grow more good-paying jobs right here at home for Michigan workers and their families.

The proposal is designed to help all communities attract good-wage jobs that pay at the current regional average wage level or higher – bolstering personal income statewide.



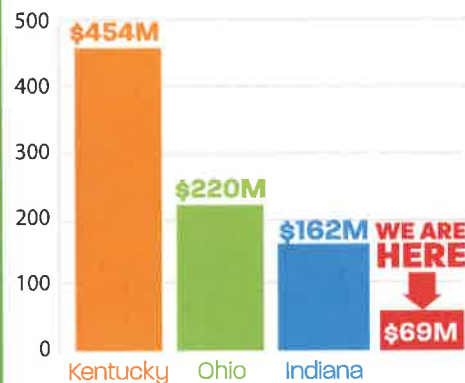
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Other States are Beating Michigan at Attracting Large Projects with Hundreds of New Jobs

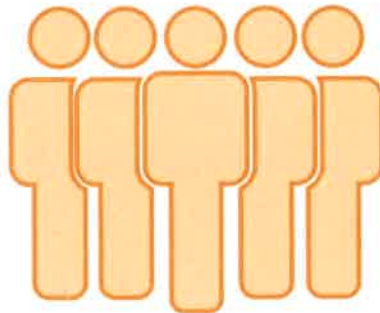


Michigan and Alaska are the only states with a corporate income tax and **ZERO tax credits** to attract new business growth.¹



Nearby states are outspending Michigan to attract new jobs.

Michigan's current cash incentives program is competitive for small and medium-sized projects – averaging 133 jobs per project since January 2012² – but has no programs for larger projects like nearly all other states do.



Creating new jobs is #1.

Help all Michigan communities attract and grow new jobs – support the Good Jobs for MI legislation, Senate Bills 242-244.

Michigan needs a new business attraction program that is:

- **Simple**
- **Transparent**
- **Does not favor one industry over others**
- **Performance based**



OPEN!
for Business

¹ Tax Foundation, Oct. 2013 — Nevada, South Dakota and Wyoming have no corporate income tax.
² bld

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Is Michigan Doing Everything it can to Compete for Jobs?

States are outspending Michigan up to 7 to 1.

	Corporate Income Tax (CIT) Rate	Statewide Economic Dev. Agency/Name	Type of Incentive	Annual Economic Incentive Expenditures
OHIO	Gross Receipts	Jobs Ohio	Cash Grants, Refundable Tax Credits	\$220,000,000 Annually
INDIANA	6.5% Corporate Income Tax Rate	Indiana Economic Development Corporation	Refundable Tax Credits	\$162,000,000 Annually
WISCONSIN	7.9% Corporate Income Tax Rate	Wisconsin Economic Development Corporation	Refundable & Non-refundable Tax Credits	\$177,000,000 Annually
KENTUCKY	6% Corporate Income Tax Rate	Think Kentucky Cabinet for Economic Development	Non-refundable Tax Credits	\$454,000,000 Annually
TENNESSEE	6.5% Corporate Income Tax Rate	Tennessee Department of Economic and Community Development	Cash Grants, Non-refundable Tax Credits	\$250,000,000 Annually
SOUTH CAROLINA	5% Corporate Income Tax Rate	South Carolina Coordinating Council for Economic Development	Cash Grants, Refundable & Non-refundable Tax Credits	\$339,000,000 Annually
GEORGIA	6% Corporate Income Tax Rate	Georgia Department of Economic Development	Non-refundable Tax Credits	\$170,000,000 Annually
TEXAS	Gross Receipts	Texas Economic Development Corporation	Cash Grants, Tax Refunds	\$273,000,000 Annually
MICHIGAN	6% Corporate Income Tax Rate	Michigan Economic Development Corporation	Cash Grants	\$69,000,000 Annually

